

## **FISCAL NOTE**

### **SB 945 - HB 1319**

March 23, 2005

#### **SUMMARY OF BILL:**

- Requires institutions of the State Board of Regents and the University of Tennessee that collect identifying information from students for publication in student or campus directories, to supply a form allowing students to indicate they do not want to receive solicitations based upon the directory listing. Institutions would be required to identify in the directory those students who do not want to receive solicitations.
- Prohibits any credit card issuer from recruiting potential student cardholders on campus or at college or university facilities, or through student organizations.
- Requires institutions to annually report any funds or percentage they receive from the distribution of credit cards to students or any percentage from the use of cards bearing the school logo, as well as how such funds were expended during the previous fiscal year to the Joint Oversight Committee on Education.
- Prohibits credit card issuers from offering gifts to students as an incentive for applying for a credit card.
- Prohibits the institutions from using state or federal revenue to offset or replace any funding from any credit card issuer that is lost due to the provisions of this bill.
- Requires the institutions to use revenues received from the credit card issuer to fund any increase in state expenditures resulting from the implementation of this bill.

#### **ESTIMATED FISCAL IMPACT:**

**Other Fiscal Impact - The current fiscal impact is estimated to be minimal since existing contracts would not be impacted by the bill and institutions of higher education affected by this bill have multi year contracts in place. However, to the extent that future contracts have to be modified as a result of the bill, the state institutions of higher education may forgo future revenues.**

Assumption:

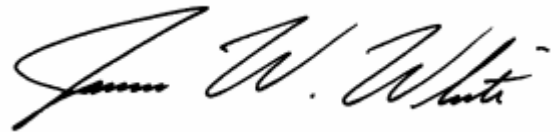
- Existing contracts could not be impacted under the constitutional impairment of contract doctrine in that legislation passed after the signing of a binding contract could not alter the relationship of the contracting parties for the term of the contract. While this legislation

may impact the bargaining power of institutions who may seek to enter into similar agreements in the future as to their faculty, staff, students and alumni, the extent of this impact can not be determined, but could result in the institutions of higher education foregoing significant future revenues.

*For information purposes*, Affinity card vendors typically provide up front monies to institutions for names of employees, alumni, and students. The institutions also receive a percentage from the vendor from charges applied to the cards.

**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a more stylized, connected manner to the middle initial "W." and the last name "White".

James W. White, Executive Director